

**Before the State of South Carolina  
Department of Insurance**

In the matter of:

Southern Finance of South Carolina, Inc.  
7 N. Laurens Street, Ste 100  
Greenville, SC 29601

SCDOI Case File No.: 123697

**Consent Order  
Imposing Administrative Penalty**

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance (hereinafter "the Department") and Southern Finance of South Carolina, Inc. (hereinafter "Southern Finance"), a licensed South Carolina Resident Insurance Producer. This case was originally brought against Kristi Meeks; however, Southern Finance has been substituted as respondent, and any claims or allegations against Kristi Meeks are withdrawn.

Department has alleged that Southern Finance, while licensed to do business as a resident insurance producer within South Carolina, did use unlicensed employees while issuing policies on Credit Life, Accident, Health, Property and Unemployment Insurance through Cherokee National Life Insurance Company. Southern Finance contends that its use of unlicensed employees resulted from a misunderstanding of the law, inadvertence, and oversight rather than any intent to avoid the requirements of the law. Southern Finance contends it was acting under the assumption that..."unlicensed employees could offer and prepare insurance policies and hold them until a supervisor or other licensed person comes into the branch." Notwithstanding Southern Finance's position, the Department takes the position that Southern Finance's failure constituted a violation of the law which could also lead to the revocation of Southern Finance's license to transact the business of insurance in South Carolina following a public hearing at the Administrative Law Court, pursuant to SC Code Ann. §38-43-130.

Prior to the initiation of any administrative proceedings by the Department, Southern Finance, which was represented by Attorney Douglas A. Churdar, and the Department agreed to submit the entire matter to me, along with their specific recommendation for my summary decision, rather than proceed to a formal public hearing. Their specific recommendation is that, in lieu of the Department's pursuit of all options it may have under the law, Southern Finance would waive its right to a public hearing and would immediately submit a negotiated and consensual administrative penalty in the amount of \$1,000, which penalty would be submitted via certified check.

Section 38-43-130 of the South Carolina Code grants the Director of Insurance the power to revoke an insurance producer's license for violating any of South Carolina's Insurance Laws. More pertinently § 38-43-30(A) mandates that..."every stockholder, officer, director, member, employee, or associate of an agency, performing any act as a producer, as enumerated in Section 38-43-10, shall possess a current producer's license giving authority to transact that particular business."

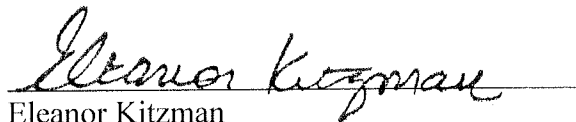
After a thorough review of the record, I am of the opinion that Southern Finance has violated S.C. Code Ann. Sections: 38-43-130 and 38-43-30 (Supp. 2004). As a result, I can now take administrative disciplinary action against its resident insurance producer's license. However, under the discretionary authority provided to me within S.C. Code Ann. §38-2-10 (Supp. 2004), and after carefully considering the recommendation of the parties, I hereby impose against Southern Finance an administrative penalty in the amount of One Thousand Dollars (\$1,000.00). If that fine is not timely paid, all of Southern Finance's licensing privileges shall be immediately revoked without any further disciplinary proceedings, and the case will be turned over to the Office of the State Attorney General.

This administrative penalty has been reached by the parties as a result of negotiation and compromise, and it is made in consideration of Southern Finance's assurances that in the future they will fully comply with the Insurance Laws of South Carolina.

Nothing contained within this administrative disciplinary order should be construed to limit or to deprive any person of any private right of action under the law. Nothing contained within this administrative disciplinary order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement or judicial officer. Nothing contained within this administrative disciplinary order should be construed to limit the statutory duty of the Director of Insurance, exercised either directly or through the Department of Insurance, pursuant to S.C. Code Ann. §38-3-110(4)(Supp. 2004) to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the law relative to the business of insurance or the provisions of this title which he considers necessary to report."

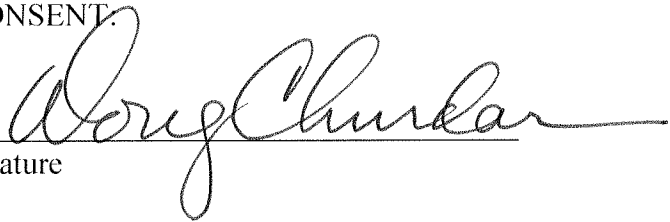
It is, therefore, ordered that Southern Finance of South Carolina, Inc., shall, within ten (10) days of the date from the receipt of this Order, pay through the South Carolina Department of Insurance an administrative penalty in the amount of One Thousand Dollars (\$1,000.00). It is further ordered that a copy of this Consent Order be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states and that a copy be placed in Southern Finance's licensing file.

This order becomes effective as of the date of my signature below.

  
Eleanor Kitzman  
Director

Jun  
~~May~~ 2, 2005, at  
Columbia, South Carolina

I CONSENT.

  
Signature

DOUG CHURDAR (representing the Company)  
Printed Name

Attorney  
Title

Southern Finance of South Carolina, Inc.  
7 North Laurens Street, Suite 100  
Greenville, South Carolina 29601

Dated this 24 day of May, 2005.